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INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY	USSR/Soviet Bloc	REPORT	
SUBJECT	CEMA Specimen Contracts for Intra-Bloc Sales of Coal and Coke	DATE DISTR.	1 December 1958
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SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

1. An outline of a contract for various types of coal which was prepared by the Polish Ministry of Foreign Trade; 25X1
2. Remarks of the Rumanian Ministry of Foreign Trade on an outline of a contract prepared by the Czechoslovak Ministry of Foreign Trade for various types of metallurgical coke; and
3. Remarks of the Polish Ministry of Foreign Trade on an outline of a contract prepared by the Czechoslovak Ministry of Foreign Trade for various types of metallurgical coke; data on DDR coke production.

25X1

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STATE	X	ARMY	X	NAVY	X	AIR	X	FBI	AEC	BFC	X
(Note: Washington distribution indicated by "X"; Field distribution by "#".)											

42
25X1

INFORMATION REPORT INFORMATION REPORT

To: The Representative of the German Democratic Republic in the
Commission for Foreign Trade

25X1

Comrade G. Huettenrauch

The Secretariat of the Commission for Foreign Trade is forwarding to you the outline of the contract for types of coal, which was disseminated by the Ministry of Foreign Trade of the Polish Peoples Republic for discussion in the working group in accordance with the work plan of the Commission for Foreign Trade, Point 3 (Annex 1). We should like to ask that, in the interest of prompt delivery to the interested ministries, you send the remarks on the above-mentioned outline directly to the representatives of the countries in the Commission for Foreign trade, as well as to the Secretariat of the Commission, by 10 May of this year if possible.

We should like to ask you at the same time to report, likewise directly to the representatives of the countries in the Commission and to the Secretariat of the Commission, your remarks on the outline of the contract for crude petroleum of the Ministry of Foreign Trade USSR, and those on the outline of the Ministry for Foreign Trade of the Czechoslovak Republic in regard to a contract for types of metallurgical coke; these outlines were sent with our letter of 28 February 1958, No Swt-2/5, and with the letter of the Ministry for Foreign Trade of the Czechoslovak Republic, No O/20748/57, dated 20 August 1957.

I am also enclosing the remarks of the Rumanian Ministry of Trade (Annex 2) and of the Polish Ministry of Foreign Trade (Annex 3) on the outline of the contract for types of metallurgical coke.

According to the resolution of the 10-13 December 1957 meeting of the Commission, the ministries of foreign trade send to the Secretariat of the Commission, by 1 February 1958, an itemized list of the most important goods, for which contracts are to be worked out. 25X1

In regard to this matter, the Secretariat of the Commission has received from the Ministry for Foreign Trade and Inter-German Trade of the GDR, from the Ministry for Foreign Trade of the USSR, and from the Ministry for Foreign Trade of the CSR, suggestions, in which the preparation of type contracts is proposed for the following goods:

According to the Ministry of Foreign and Inter-German Trade, GDR:

complete installations	stone coals
machine tools	coke
nonferrous metals	wool
pig iron (ingot steel)	lumber
ferro-alloys	timber
rolled steel	cotton

According to the Ministry of Foreign Trade USSR:

Diesel series power plants	canned meat, fruit, vegetables
Marine Diesel engines	canned fish and milk
tires	cognac and wine
meat and animals ready for slaughter	books and periodicals
frozen fowl and eggs	phonograph records
fresh fruit, grapes, vegetables	philately
tomato paste, fruit and berry pulp	

According to the Ministry of Foreign Trade of the CSR:

phosphates	solid fuels	eggs
pyrites	lumber	frozen fowl
sulfur	wood	machine-building items
salt	meat and animals	
	ready for slaughter.	

According to a resolution of the Commission, a meeting of the Working Group of the Commission is to be held in May 1958 for examining and confirming the type contracts for crude petroleum, types of coal, and metallurgical coke.

The Secretariat of the Commission deems it necessary to instruct this working group to examine the above-mentioned suggestions of the ministries for foreign trade of the member nations of the Council for Mutual Economic Aid and to establish a list of goods for which type contracts should be prepared and also to establish the method of preparing and handling these contracts and the target dates for them.

The suggestion on the time for convening the meeting of the working group will be reported later by the head of the working group.

At its 10-13 December 1957 meeting, the Commission for Foreign Trade also resolved to ask the ministries of foreign trade to submit to the Secretariat of the Commission, by January of this year, their ideas on the feasibility of establishing basic principles for a uniform interpretation of trade concepts in the relations between member nations of the Council. The Secretariat of the Commission has received opinions on this matter from the ministries of foreign trade of Hungary, East Germany, Poland, Rumania, the USSR, and Czechoslovakia.

The ministries of foreign trade of Hungary, Rumania, the USSR and Czechoslovakia consider the establishment of the above-mentioned basic principles to be necessary. The Ministry of Foreign Trade of Czechoslovakia, however, recommends that the establishment of these basic principles be begun somewhat later, so that experiences to be gained with the application of "General Delivery Conditions 1958" can be exploited.

The Ministry for Foreign and Inter-German Trade of the GDR and the Polish Ministry of Foreign Trade do not believe that new basic principles need to be worked out at this time, since the principles of the "Incoterms" of 1958 are being applied. The GDR Ministry, however, does agree that new basic principles will have to be worked out, if individual member nations of the Council for Mutual Economic Aid should consider the terms of the "Incoterms" unacceptable.

In view of the differences of opinion in the above-mentioned matter, the Secretariat of the Commission considers it necessary that the working

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group made up of members of the ministries of foreign trade, which will examine and approve the type contracts, consider the opinions of the ministries of foreign trade carefully and, if possible, work out a unified stand on this question.

Yours truly,

Responsible Secretary of the Commission
for Foreign Trade

(signed) L. Afanasjew /Afanasew/

15 April 1958
No 15wt-1/125 s

Enclosures:

1. Outline of the Contract for Types of Coal prepared by the Polish Ministry of Foreign Trade, 5 sheets, unclassified.
2. Remarks of the Ministry of Foreign Trade of Rumania on the outline of a contract prepared by the Czechoslovak Ministry of Foreign Trade for types of metallurgical coke, one sheet, unclassified.
3. Remarks of the Polish Ministry of Foreign Trade on the outline of a contract prepared by the Czechoslovak Ministry of Foreign Trade for types of metallurgical coke, 4 sheets, unclassified.

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Annex 1

C O N T R A C T F O R C O A L S

In accordance with Contract No. concluded between the firm of
(hereafter), in whose name functions,
referred to as the contractor)

and the firm, in whose name
(hereafter referred to as the buyer)

.....functions, in keeping with the quotas for the year.....

as established by trade agreement entered into on(date)
 between the Peoples Republic of Poland and
 the following is agreed:

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1. Object of the Contract

The contractor sells and the buyer buys, f.o.b. national border of the contractor and/or f.o.b. seaport of the contractor, an amount of metric tons of coal of the following amounts, types, and grades:

<u>Type</u>	<u>Grade</u>	<u>Size</u>	<u>Amount in tons</u>
flame coal	coarse	over 25 mm
flame coal	medium	8-31.5 mm
flame coal	fine	0-10 mm
flame coal	rough	
gas coal (high grade bituminous)	sorted	over 10 mm
gas coal	fine	0-10 mm
gas coal	rough (or)	0-18 mm

Total:

The amounts contracted for are understood as both the total amount as well as the amount of the individual types or grades, with a deviation of plus-minus 2 percent at the discretion of the contractor.

2. Quality

The quality of the individual types and grades of delivered coal must have the following characteristics:

<u>Type and Grade</u>	<u>% Ash Content</u>	<u>Sulfur Content</u>	<u>min. kg/cal</u>
a) flame coals: coarse	6 - 12	1.5	5400 - 7200
medium	10 - 16	1.5	5200 - 6500
fine	12 - 19	1.5	4900 - 6300
rough	13 - 19	1.5	5400 - 6500

<u>Type and Grade</u>	<u>% Ash Content</u>	<u>Volatiles</u>	<u>Sulfur Content</u>	<u>% Moisture Content</u>
b) Gas coals:				
coarse and medium	8.5 - 12	30 - 40	up to 1 %	30 - 40
fine	12 - 15	30 - 40	up to 1 %	30 - 40 25X1
rough	11 - 13	30 - 40	up to 1 %	30 - 40

<u>Type and Grade</u>	<u>% Ash Content</u>	<u>Volatiles</u>	<u>% Sulfur</u>	<u>Index of free smoke formation</u>	<u>% Moisture Content</u>
c) Gas and coking:	up to 7	24 - 28	up to 2	8 - 9	up to 8
fine and rough:	7 - 8				
coking, unwashed:	up to 7	18-22	up to 1	8-9	up to 4
coking, washed:	up to 7	20-24	up to 2	8-9	up to 8

In the rough (run-of-mine) ~~flame coals~~ and rough gas coals the admissible content of barren rock in lumps over 30 mm must not exceed 7 percent. The content of fine coal in the rough coal must not exceed 35 percent.

The coal will be delivered from freshly mined supplies. Freshly mined coal is understood as coal which has been in the dump no longer than 3 months.

The above given ratings refer to coal in working condition and represent the limits for the average test sample of individual batches of coal. A batch of coal consists of at least 10 cars loaded on one day by one mine, or the amount loaded on one ship for one buyer.

3. Coal Prices

The following price is established for a metric ton of coal f.o.b. border of the contractor and/or f.o.b. port of the contractor atrubels per ton.

The above price applies to coals of the quality established in point 2 above.

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4. Delivery Dates

The contractor is obliged to deliver the amounts of coal specified in the present contract between 1 January and 31 December 195..... with the following division into quarters, and the buyer is obliged to accept the amounts of coal specified in the present contract between 1 January and 31 December 195..... with the following division into quarters:

<u>Product</u>	<u>1st Quarter</u>	<u>2d Quarter</u>	<u>3d Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
Coal (type and grade)					

In the quarterly amounts given above, deviations of plus-minus 3 percent from the specified amounts, in regard to type and grade, are admissible.

5. Delivery Conditions

The coal is being delivered f.o.b. border of the country of the contractor via the following border stations:

- a)
- b)
- c)

and/or f.o.b. seaport of the country of the contractor.

The surface of coal loaded into railroad cars must be sprayed with a lime solution at the loading station. The coal must be loaded into clean cars. In the case of deliveries by ship, the conditions established by "Poliskan" for 1955 apply.

6. Notification of Coal Deliveries

a) Twenty days before the beginning of the calendar month, the buyer is obliged to notify the contractor of the classification of the coal deliveries which are scheduled for the following month.

Not later than 5 days before the beginning of the calendar month, the contractor is obliged to send to the buyer a confirmation of the final classification of coal deliveries scheduled for the following month.

b) The contractor is obliged to inform the buyer immediately of the undertaken shipment of coal for a period of five days in each case.

7. Help with the Railroad Cars

In the event that the railroad of the contractor's country requests of the railroad of the buyer's country assistance in the conveyance of the contracted coal, the buyer is obliged to do all in his power to get his railroad to provide this assistance.

8. Terms for Payment

In the case of deliveries of coal on the secondary road, the contractor issues the bills for the amount of coal brought each day for shipment.

Payment for the delivered coal is made in rubels by immediate cashing, after the following papers have been presented at the bank of the country of the contractor:

a) in deliveries by railroad:

1. two copies of the bill
2. waybills (number of the car, amount, grade, mine, date of shipment)

b) in deliveries by ship:

1. two copies of the bill
2. original bill of lading.

9. Complaints

In the event that complaints are lodged by the buyer, the buyer is obliged to report, in addition to an exact reason for the complaint and exact demands made, the following:

- a) Name of the mine
- b) Grade of coal
- c) Number of the railroad car and date of loading at the mine
- d) The net weight of the coal in the individual car on the basis of the railroad routing bill for direct international freight traffic and, in case a check was made on the weight on the way or at the destination station, then on the basis of the document prepared in accordance with the regulations of the SMGS, which shows the result of such a weight check made by the railroad.

10. Re-export

The goods bought by the buyer can not, without the consent of the contractor, be re-exported to a third country and only when the buyer has announced the selling price and the country to which the goods were re-exported.

11. General Delivery Conditions

In all questions not covered by the above contract, the "General Conditions for the Delivery of Goods Among the Foreign Trade Organizations of the Member Nations of the Council for Mutual Economic Aid for 1958" will apply.

The legal addresses of the parties are as follows:

Address of the contractor

Address of the buyer

Annex 2Remarks of the Ministry of Foreign Trade of the Rumanian Peoples Republic On the Outline of a Contract Prepared by the Czechoslovak Ministry of Foreign Trade for Types of Metallurgical CokeA. On the text of the contract

1. In view of the fact that the payment procedure given in the "General Conditions.....of the Council for Mutual Economic Aid for 1958" is applied, the ~~part~~ regarding the "Terms for Payment" can be deleted.

2. In regard to the documents, on the basis of which the bank pays to the contractor the cost of the delivered goods, only the export certificate (point b of the outline) is to be issued, since the Conditions of the "General Delivery Conditions...for 1958" apply for the other documents.

3. Point 8 of the Annex is to be incorporated in the text of the contract, since it is more to the purpose to have these paragraphs in the text of the contract itself rather than in the annex.

B. On the text of the annex

1. In regard to the ratings:

- a) The moisture content of type C and D coke shall not be over 5.
- b) The ash content shall not be over 14.5 for type C coke, and not over 15 for type D.
- c) The Mikum strength of type C shall be at least 65, and at least 55 for type D.

2. In view of the fact that the obvious faults in the case of coke refer only to granulation, we suggest that the expression "Complaints of Obvious Faults" (# 7) be replaced by the expression "Complaints Regarding Granulation."

We likewise suggest that a period of 15 days be established for making good the complaints regarding granulation, in place of the expression "immediately," which is mentioned in the outline (#7).

C. We have no objections regarding the suggestion to discuss the contracts for types of coal before those for metallurgical coke.

Annex 3

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Ministry of Foreign Trade
Polish Peoples Republic

C O N T R A C T F O R M E T A L L U R G I C A L C O K E

In accordance with Contract No..... concluded on(date)... in
....., between the firm of,
in whose name..... officiates and hereafter will be
referred to as the contractor, and the firm of,
in whose name..... officiates and hereafter will be
referred to as the buyer, within the scope of the quotas of the trade agreement
concluded between the Polish Peoples Republic and,
on, the following is agreed:

1. Object of the Contract

The contractor sells, and the buyer buys, f.o.b. boundary of the contractor's
country..... and/or f.o.b. barge at the border of the
contractor's country..... and/or f.o.b. seaport of the contractor's
country..... an amount of metric tons
of metallurgical coke.

The amounts given in the contract are understood to mean within plus-minus
2 percent, at the discretion of the contractor.

#2. Quality of the Coke

The quality of the delivered metallurgical coke must satisfy the characteristics
given below, which are computed for the individual batches of the delivered goods
as an average.

In the case of deliveries by railroad, the quality document will be the
quality certificate to be submitted by the coke producing plant.

In the case of deliveries by ship, the contractor submits the quality
certificate on the basis of the quality certificate issued by the coke producing plant.

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A batch of coke is understood as the amount shipped by rail to a consumer from a coke producing plant within a period of 24 hours, or the amount loaded on one ship for one consumer.

Designation of Ratings

- | | |
|--|-----|
| 1. The lower strength limit according to a Mikum drum test should not be under (%) | 60 |
| 2. Ash content not over (%) | 13 |
| 3. Moisture content not over (%) | 6 |
| 4. Sulfur content not over (%) | 1.2 |
| 5. Lump size not under (mm) | 40. |

The above quality ratings are the maximum limits for an average sample of the corresponding batch of coke. The taking of the sample and its analysis are to be done in accordance with the procedure customarily followed in the country of the contractor.

3. Price of the Coke

The following prices are established for one metric ton of coke f.o.b. border of the contractor's country and/or f.o.b. seaport of the contractor's country at rubels per ton. The above price is for metallurgical coke of the quality described in # 2 above.

In the event that the coke is of poor quality when delivered, the contractor provides the buyer with a rebate on the above-stated price in the amount of:

- 2% of the contract price for each degree of deviation beyond the admissible ash content specified in the contract;
- 0.5% of the contract price for each percent below 60% in the case of the Mikum drum test for measuring the strength of the coke; however, deviations within minus 3% are not considered;
- 1% of the contract price for each percent which the moisture content exceeds the stipulated 6%.

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4. Delivery Dates

The contractor is obliged to deliver the amounts of coke specified in the present contract between 1 January and 31 December 195..... with the following division into quarters, and the buyer is obliged to accept the amounts of coke specified in the present contract between 1 January and 31 December 195..... with the following division into quarters:

<u>Product:</u>	<u>1st Quarter</u>	<u>2d Quarter</u>	<u>3d Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
Metallurgical coke					

Deviations of plus-minus 3% from the above quarterly amounts are admissible.

5. Delivery Conditions

a) The coke will be delivered to the border of the contractor's country or to the following border stations:

- A)
- B)
- C)

and/or will be delivered to the seaport of the country of the contractor.

The coke arriving in cars for shipment must be sprayed at the loading station with a lime solution.

The coke must be shipped in cars which are clean and which allow no losses during shipment.

b) In the case of deliveries by ship, the delivery conditions established in the "Polskan" for 1955 apply.

6 Notification of Coke Deliveries

a) Twenty days before the beginning of the calendar month, the buyer is obliged to notify the contractor of the classification of the coke deliveries

which are scheduled for the following month.

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Not later than 5 days before the beginning of the calendar month, the contractor is obliged to send to the buyer a confirmation of the final classification of the coke deliveries scheduled for the following month.

b) The contractor is obliged to inform the buyer immediately of the undertaken shipment of coke for a period of five days in each case.

7 Help with Railroad Cars

In the event that the railroad of the contractor's country requests of the railroad of the buyer's country assistance in the conveyance of the contracted coke, the buyer is obliged to do all in his power to get his railroad to provide this assistance.

8. Terms for Payment

In the case of deliveries of coke on the secondary road, the contractor issues the bills for the amount of coke brought each day for shipment.

Payment for the delivered coke is made in rubels by immediate cashing, after the following papers have been presented at the bank of the country of the contractor:

a) In deliveries by railroad:

1. two copies of the bill
2. way bill (car number, amount, grade, coke producing plant, date of shipment)

b) in deliveries by water:

1. two copies of the bill
2. original bill of lading.

9. Complaints

In the event that complaints are lodged by the buyer, the buyer is obliged

to report, in addition to an exact reason for the complaint and exact demands
made, the following:

25X1

- a) Name of the coke-producing plant
- b) Grade of coke
- c) Number of the railroad car and date of shipment from the coke plant
- d) The net weight of the coke in the individual railroad cars on the basis of the railroad routing bill for direct international freight traffic and, in case a check was made on the weight during transit or at the destination station, then on the basis of a document prepared in accordance with the regulations of the SMGS, which shows the result of such a weight check made by the railroad.

10.

The goods bought by the buyer cannot be re-exported to a third country without the consent of the contractor and only when the buyer has announced the selling price and the country to which the goods were re-exported.

11. General Delivery Conditions

In all matters not covered by the above contract, the "General Conditions for the Delivery of Goods Among the Foreign Trade Organizations of the Member Nations of the Council for Mutual Economic Aid for 1958" will apply.

Legal addresses of the parties:

Address of the contractor

Address of the buyer

Contractor _____ Buyer _____

GERMAN DEMOCRATIC REPUBLIC

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1. In the GDR, certain results have been obtained in regard to the production of high-temperature brown-coal coke.

The production of coke, in gross tons, is foreseen as follows:

1957: 2.8 million tons, of which 1.6 million tons from coke-chemistry factories
 1960: 3.1 million tons, of which 1.8 million tons from coke-chemistry factories
 1975: 2.0 million tons, of which 2.0 million tons from coke-chemistry factories

The consumption of coking coal is foreseen in the following amounts (millions of tons):

Year	ferrous metallurgy (including filtration)	non-ferrous metal-lurgy	chemical industry & other branches	other nonmetal-lurgical consumption	Total
1957	2.4	0.3	3.2	0.2	6.1
1958	2.6	0.3	3.3	0.2	6.4
1959	2.6	0.3	3.6	0.2	6.7
1960	2.6	0.3	3.6	0.2	6.7

The production and consumption of soft coal for coke production is foreseen in the following amounts (millions of tons):

	<u>Production</u>	<u>Consumption</u>
1957:	1.0	3.6
1960:	1.0	3.9
1975:	-	2.5

2. In the GDR the following measures are foreseen:

1. Lowering the consumption of soft-coal coke in all industrial branches through the use of brown-coal coke, and the substitution of gas for power-producing coke.
2. Increasing the production of high-temperature brown-coal coke and improving its quality.
3. Conversion of existing coking ovens to operation with tamping.
4. Replacement of obsolete furnaces in gas factories by modern batteries of furnaces with higher capacities and tamping operation.